

Why Republicans Are Virtually Identical to Democrats on Spending

Republicans during the Reagan and Bush administrations had a pretty straightforward fiscal policy: increase federal spending dramatically and cut marginal income tax rates modestly, predicting the resulting economic growth would eventually balance the budget. Both administrations increased spending roughly 80-100 percent, depending upon where you draw the start and end lines, given the government's fiscal year running October 1 – September 30. Predictably, federal debt exploded during both administrations.

This time around, some things are the same, but some are different. The predictable (and predicted) growth of entitlements and the quasi-religious belief military spending must always increase (the military must be “rebuilt!”) has produced what should be a frightening result: federal debt doubled during a Democratic administration under which federal spending increased a mere 28-33 percent, again depending on where you draw the lines.

It's All Class Warfare

So, the usual Republican modus operandi is not going to fly this time around. Not only have Republicans run on making government smaller, before again blowing up spending once they got in power, but they've railed for eight years against Obama's debt legacy.

They can't just ignore deficits as they have in the past and expect to win again in future elections, so they're left with only one choice: “reform” the tax code so it collects the same or more revenue and sell it as a tax cut.

That's not to say it's going to work. Federal tax revenue will likely decrease overall under their plan, despite their efforts to raise taxes on some people while cutting them for others. But Republicans can ignore reality as well as Democrats when they need to. If you doubt that, ask any ten Republicans at random if the government got bigger or smaller while Reagan was president.

Republicans are also virtually identical to Democrats in their Marxist view of society. For Republicans, just like Democrats and communists, it is made up of different "classes" of people, competing with each other in a zero-sum game for pieces of a static, finite "pie." This is explicit in their rhetoric about "tax cuts for the middle class" or the sublimely obtuse "working class" (doesn't anyone generating an income, large or small, work?)

While it's true the idea of classes in society predates Marx, it is his vision which dominates the tax code, most strikingly in its assumption there is some fundamental difference between employees of going concerns and owners.

This distinction has been around so long most people take it for granted, but it's really just another abstraction dreamed up by politicians. Just like Marx, they convince "workers" they would be exploited by "capitalists" if not for their benevolent protection. Meanwhile, the tax code is written to keep them from accumulating capital of their own and breaking free of their present circumstances.

Debunking the Myth

First, let's dispel the ridiculous notion employees are fundamentally different from employers. They're not. Employees merely sell a service to employers, just like any B2B firm does. That there is a written or unwritten contract stipulating the employer will purchase those services for an indefinite period and make its place of business and/or

equipment available for the seller's use does not change the nature of this buyer/seller arrangement. Many consulting firms sell their services to established businesses under precisely the same arrangement.

If any doubt remains, just think about the last time you needed electrical or plumbing work done at your house. If you didn't have an established relationship, you sought two or three quotes on the work needing to be done.

Most likely, both independent tradesmen (business owners) and employees of an electrical or plumbing business responded. Both quoted identical work. One is selling electrical or plumbing services to you through a reseller and the other direct. But they're both going concerns.

In reality, every individual or family is a for-profit, going concern. Most sell services, considered no less "products" than goods when employers sell them. Like any other business, there are costs involved in producing their product. Their capital goods (their bodies) need to be sheltered from the elements (housing). Their equipment needs to be maintained (food, water, health care, etc.). They need to deliver their goods to their customers (transportation).

The chief difference between these going concerns and those artificially deemed "employers" are the way they're taxed. While employers are taxed only on profits, i.e. the income exceeding all their costs of production, those deemed employees are taxed on their gross revenues and expected to pay their operating costs out of what is left. Thus, it is the government that is "exploiting them," not employers or capitalists in general.

It's true that below a certain income level, Americans don't effectively pay the income tax. And above a certain income level, many very wealthy people pay it happily, rationalizing it as "giving back to society" (another dubious concept) or

the necessary cost of infrastructure or other public goods. But whatever the intention, this completely artificial distinction between employees and employers has the effect of dampening upward mobility and shielding those at the highest income levels from competition from those attempting to accumulate capital and join them.

Eliminate Marxist Distinctions

Viewed in this light, the sanctimonious Republican arguments for raising taxes on some people ring hollow. “The government shouldn’t provide artificial incentives for homeownership through a mortgage interest deduction,” they say. Fine. The total cost of housing, whether rent or the principle and interest on a mortgage, should be deductible, just as an employer can deduct the total cost of office space.

So, too, should food, water and health care expenses be 100 percent deductible, just as the costs for fuel and maintenance on equipment is for employers. And mileage for transportation to the office/factory, just like delivery for employers. You get the picture.

Of course, eliminating the Marxist distinction between employers and employees as described above would result in far less tax revenue for the federal and state governments. That would force Republicans to finally deliver what they’ve campaigned on for decades but have never delivered: significantly smaller government.

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This article was originally published on FEE.org. Read the [original article](#).

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